

**Agenda Number # 4556
05/26/2005**

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16909
May 26, 2005**

R E S O L U T I O N

Resolution T-16909. AT & T Communications Of California, Inc. (AT & T) To Designate AT & T As An Eligible Telecommunications Carrier Pursuant To The Federal Communications Commission's Report And Order (FCC 97-157) In The Matter Of Federal-State Joint Board On Universal Service (CC Docket No. 96-45).

Summary

This Resolution grants Eligible Telecommunications Carrier (ETC) status to AT & T Communications of California, Inc., as of the effective date of this resolution, in service territories as described in Section 1.4 of AT & T's tariff schedule CAL P. U. C. No. D-T, Local Exchange Services, consisting of areas served by SBC Communications and Verizon California, Inc. AT & T has satisfied the requirements for ETC designation as set forth in Resolution T-16086, and the ETC eligibility and service requirements under the FCC rules. AT & T is obligated to provide all the designated services for federal universal service support in the areas for which it is designated an ETC.

Background

Pursuant to the Federal Communications Commission's (FCC) Report and Order (R&O) on Universal Service (FCC 97-157), only eligible telecommunications carriers (ETCs) designated by state commissions will be eligible to receive federal high cost, low income, and most rural health care universal service support beginning January 1, 1998.¹

¹ 47 C. F. R § 54.201 (a) (1).

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Resolution T-16086

In Resolution T-16086, the Commission adopted procedures and guidelines for designating ETCs in accordance with the FCC rules. The Commission directed all incumbent local exchange carriers, facilities-based competitive local carriers, and facilities-based broadband commercial mobile radio service (CMRS) carriers seeking ETC status to submit to the Telecommunications Division the following: (1) self-certification letters indicating their compliance with the ETC eligibility requirements, (2) advice letters to implement any necessary tariff changes consistent with the ETC service requirements, and (3) requests for additional time to complete network upgrades needed to provide single-party, E-911, or toll limitation services.²

Carriers were instructed to include the following in their self-certification letters: (1) the service areas for which the carrier is requesting ETC designation, (2) an itemized list of the designated services to be provided, (3) a list of any services which the carrier proposes not to provide and for which the carrier is requesting an extension of time, (4) an indication of whether the carrier plans to apply for a waiver of the requirement that an ETC not disconnect Lifeline service for non-payment of toll charges, (5) a description of the carrier's advertising plan, indicating the advertising media to be used, and an explanation of how its plan meets the advertising requirement in section 214(e) of the Telecommunications Act.³

Resolution T-16086 also required carriers requesting additional time to undertake network upgrades necessary to provide single-party service, access to E911, and/or toll limitation services, to provide (1) a justification for the extension request, (2) an indication of the length of time for which the extension is being sought, (3) an implementation plan for the network upgrades necessary to provide any of the above services, and (4) an estimate of the cost of undertaking the network upgrades. Furthermore, carriers seeking a waiver of the prohibition to disconnect Lifeline service for non-payment of toll charges were directed to apply for such a waiver to the Commission. The waiver application must demonstrate that (a) the carrier would incur substantial costs in complying with this requirement, (b) the carrier offers toll limitation to qualifying low-income customers without charge, and (c) the telephone subscribership among low-income customers in its area is greater than or equal to the national subscribership rate for low-income consumers.⁴

Notice/Protests

Notice of Filing of the self certification application letter request by AT & T to be designated as an ETC for purposes of federal universal service support was published

² Resolution T-16086, Ordering Paragraphs (O. P.) 1 and 2.

³ Id., O. P. 3.

⁴ Id., O. P. 4 and 5.

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in the Commission Daily Calendar of October 20, 2004. No protest to this letter request has been received.

Discussion

AT & T Communications of California, Inc. (AT & T), an FCC licensed, CPUC certificated competitive local exchange (CLEC) and interexchange carrier (IEC), submitted a request for ETC designation to the Telecommunications Division on August 26, 2004. Telecommunications Division Staff reviewed the request and found that the several issues needed clarification. Thus, on December 21, 2004, TD sent AT & T a letter asking AT & T to submit additional information and clarify certain issues, to wit:

- 1) identification of geographic service areas (GSAs) within AT & T's service territories for which AT & T is seeking ETC designation;
- 2) submission of a map showing the designated service area by census block group;
- 3) implication of July 22, 2004 letter notification of AT & T to CPUC that AT & T plans to discontinue marketing for new customers in the local exchange market in California on advertising requirement specified in Resolution T-16086 and FCC CFR §54.201; and
- 4) impact of June 22, 2004 letter on AT & T's ability to provide Lifeline service as one of the designated services offered by an ETC.

AT & T responded to TD's letter on February 28, 2005 by submitting the required information and providing further explanation on the points raised by TD.

AT & T did not file an advice letter to implement tariff changes as its existing tariffs are in compliance with the requirements specified for ETCs.

A. Compliance with ETC Eligibility and Service Requirements

In Resolution T-16086, the Commission indicated that it will designate the Geographic Study Area (GSA), i.e., census block groups (CBGs), as the service area for purposes of the federal universal service obligations and support mechanisms for areas served by non-rural LECs, consistent with 47 C.F.R. § 54.207. AT & T requested ETC status in exchange areas for all consumer service customers whose premises are located in SBC Communications and Verizon California Inc. territories.

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AT & T submitted a diskette containing information identifying the GSAs within the service territories for which AT & T seeks ETC designation.⁵ AT & T also submitted a map showing the designated service area by census block group (Attachment A).

AT & T offers the services designated by the FCC as services that ETCs must offer in their service area in order to receive federal universal service support. AT & T provides these services using their own facilities, or a combination of its facilities and resale of another carrier's services or unbundled network elements. These services include:

- 1) Single party service;
- 2) Voice grade access to the public switched network;
- 3) Local usage;
- 4) Dual tone multi-frequency signaling or its functional equivalent;
- 5) Access to emergency services;
- 6) Access to operator services;
- 7) Access to interexchange services;
- 8) Access to directory assistance; and
- 9) Toll limitation for qualifying low-income consumers.

AT & T currently advertises the availability of such services and respective service charges in media of general distribution including white page directory, annual notices, fulfillment material, and AT & T's public website at <http://www.att.com>. As a designated ETC, AT & T will continue to use these media to comply with Resolution T-16086 and FCC C. F. R. §54.201.

In response to TD's letter seeking clarification of their plans to discontinue marketing for new customers in the residential local exchange market in California, AT & T stated that their July 22, 2004 announcement was that AT & T would no longer engage in active direct marketing, television or radio campaigns. However, AT & T continues to advertise its services in media of general circulation through white page directories, annual customer notices, customer fulfillment material, and website. AT & T believes that these are sufficient compliance with the ETC requirements. Likewise, AT & T pointed out that effective January 26, 2005, they launched a new promotional campaign targeting residential customers in the Verizon service area.

AT & T believes that their June 22, 2004 letter has no effect on the availability of Lifeline services as AT & T continues to offer Lifeline service. In fact, lifeline subscribership has steadily increased since June 22, 2004. AT & T also stresses that it has been designated as a Carrier of Last Resort (COLR) in the SBC and Verizon service areas in May and October 2004, respectively. AT & T further points out that in resolution T-16086, the Commission designated the ILECs as ETCs. TD disagrees with this statement; while

⁵ Due to the volume of data involved, the information is not appended to this resolution.

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page 8 of Resolution T-16086 states that “The Commission intends to designate all ILECs as ETCs. This is consistent with the Commission's designation of these carriers as COLR in its universal service decision”, being an ILEC does not automatically confer ETC designation to a carrier. The ordering paragraphs of Resolution T-16086 list the requirements that have to be met by carriers seeking ETC designation. Furthermore, AT & T is not an ILEC.

AT & T is a Universal Lifeline Telephone Service (ULTS) program participant. AT & T will continue to function as such after certification as an ETC and will offer discounts to customers under the federal Link-Up assistance program.

AT & T's CLEC tariff waives the service deposit for toll blocking for ULTS customers and prohibits the disconnection of ULTS service for non-payment of toll charges.

Based on the application submitted to the Telecommunications Division, AT & T has complied with the guidelines set forth in Resolution T-16086 and compliance with the FCC's service requirements for ETCs. AT & T Communications of California, Inc. should be designated as an ETC in the areas for which AT & T has requested ETC status as of the effective date of this resolution.

B. Universal Service Administrative Company Certification Requirements

According to the FCC rules, a state commission shall file or require an ETC to file information with the federal universal service administrator demonstrating that the carrier's Lifeline service meets the FCC requirements. Lifeline assistance shall be made available once the administrator certifies that the carrier's Lifeline plan meets the criteria.⁶

As a designated ETC, AT & T should file information with the federal universal service administrator, the Universal Service Administrative Company (USAC), pursuant to 47 C. F. R. § 54.401 (d), demonstrating that its Lifeline service meets the FCC requirements, and stating the number of qualifying low-income customers and the amount of state assistance. AT & T shall provide the USAC an estimated amount of state assistance (if any) based on current ULTS rates, net of the expected amount of federal support. A Copy of AT & T's filing with the USAC shall be provided to the Director of the Telecommunications Division.

C. Reimbursements from the ULTS Fund

As a designated ETC, AT & T is eligible to obtain federal Lifeline and Link Up support. Resolutions T-16086, 16128 and 16591 require that ULTS payments from California be reduced by amounts received under the federal ETC program.

⁶ 47 C. F. R. § 54.401 (d).

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Comments

In compliance with PU Code § 311(g), a notice letter was mailed/emailed on April 26, 2005 informing all Local Exchange Carriers, all facilities-based Competitive Local Carriers, and all facilities-based broadband Commercial Mobile Radio Service carriers, and parties to the universal service proceeding (OII/R 95-01-020/021) of the availability of the draft of this Resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/static/industry/telco/index.htm>. This letter also informed parties that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

Timely filed comments by parties will be addressed in this resolution.

Findings

1. Resolution T-16086 established a procedure for California telecommunications carriers to request designation as eligible telecommunications carriers.
2. AT & T Communications of California, Inc. (AT & T) is an FCC licensed, CPUC certificated competitive local exchange (CLEC) and interexchange carrier (IEC).
3. AT & T submitted a request for Eligible Telecommunications Carrier (ETC) designation on August 26, 2004 in exchange areas served by SBC Communications and Verizon California Inc.
4. The notice of filing of the request was published in the Commission Daily Calendar of October 20, 2004.
5. No protests were received on the AT & T's request for ETC designation.
6. Telecommunications Division Staff reviewed the request and found that the several issues needed clarification. Thus, on December 21, 2004, TD sent AT & T a letter asking AT & T to submit additional information and clarify certain issues.
7. AT & T responded to TD's letter on February 28, 2005 by submitting the required information and providing further explanation on the points raised by TD.
8. AT & T offers the services designated by the FCC that ETCs must offer in order to receive federal universal service support. These services include:
 - a) Single party service;
 - b) Voice grade access to the public switched network;
 - c) Local usage;

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- d) Dual tone multi-frequency signaling or its functional equivalent;
 - e) Access to emergency services;
 - f) Access to operator services;
 - g) Access to interexchange services;
 - h) Access to directory assistance; and
 - i) Toll limitation for qualifying low-income consumers.
9. AT & T currently advertises the availability of such services and respective service charges in media of general distribution including white page directory, annual notices, fulfillment material, and AT & T's public website at <http://www.att.com>. As a designated ETC, AT & T will continue to use these media to comply with Resolution T-16086 and FCC C. F. R. §54.201.
10. AT & T is a Universal Lifeline Telephone Service (ULTS) program participant. AT & T will continue to function as such after certification as an ETC and will offer discounts to customers under the federal Link-Up assistance program.
11. AT & T did not file an advice letter to implement tariff changes as its existing tariffs are in compliance with the requirements specified for ETCs.
12. AT & T's CLEC tariff waives the service deposit for toll blocking for ULTS customers and prohibits the disconnection of ULTS service for non-payment of toll charges.
13. Based on the application letter submitted by AT & T, AT & T has complied with the guidelines set forth in Resolution T-16086 and the FCC's service requirements for ETC.
14. In compliance with PU Code § 311(g), a notice letter was mailed/emailed on April 26, 2005 informing all Local Exchange Carriers, all facilities-based Competitive Local Carriers, and all facilities-based broadband Commercial Mobile Radio Service carriers, and parties to the universal service proceeding (OII/R 95-01-020/021) of the availability of the draft of this Resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/static/industry/telco/index.htm>. This letter also informed parties that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

THEREFORE, IT IS ORDERED that:

1. AT & T Communications of California, Inc. is designated an eligible telecommunications carrier (ETC) in exchange areas served by SBC Communications and Verizon California Inc.

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2. AT & T will continue as a Universal Lifeline Telephone Service (ULTS) program participant after certification as an ETC and will offer discounts to customers under the federal Link-Up assistance program.
3. As a designated ETC, AT & T will continue to advertise the availability of such services and respective service charges in media of general distribution including white page directory, annual notices, fulfillment material, and AT & T's public website at <http://www.att.com>.
4. AT & T shall submit information to the federal universal service administrator, the Universal Service Administrative Company (USAC), pursuant to 47 C. F. R. § 54.401 (d), demonstrating that its Lifeline service meets the FCC requirements, and stating the number of qualifying low-income customers and the amount of state assistance, if any. AT & T shall provide the USAC an estimated amount of state assistance (if any) based on current ULTS rates, net of the expected amount of federal support. A Copy of AT & T's filing with the USAC shall be provided to the Director of the Telecommunications Division.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 26, 2005. The following Commissioners approved it:

STEVE LARSON
Executive Director

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ATTACHMENT A

AT & T COMMUNICATIONS OF CALIFORNIA, INC.

